



**Request for City Council Committee Action
From the Finance Department**

Date: June 10, 2002
To: Ways and Means Committee
Referral to: Board of Estimate & Taxation

Subject: Request Issuance of Equipment Bonds

Recommendation

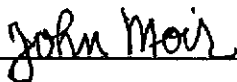
The Finance Department recommends the City Council:

1. Adopt a resolution requesting the Board of Estimate and Taxation to incur indebtedness and issue and sell City of Minneapolis bonds for Equipment Fleet purchases in the amount of \$6,100,000.
2. Adopt a resolution declaring their official intent to reimburse equipment purchases made in 2002 with bond proceeds by incurring tax exempt debt.

Previous Directives: Equipment Services Workout Plan

Prepared or Submitted by Mike Abeln, Director, Capital & Debt Management, 673-3496

Approved by: Patrick Born, City Finance Officer 

John Moir, City Coordinator 

Presenters in Committee: Mike Abeln, Director, Capital & Debt Management

Financial Impact (Check those that apply)

- ☐ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☒ Other financial impact (Explain):
Board of Estimate & Taxation - incur indebtedness of \$6,100,000.
Declare official intent to reimburse equipment purchases with proceeds from tax exempt bonds per IRS Treasury Regulation SS 1.103-17 and 1.103-18.
- ☐ Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

- ☐ Neighborhood Notification
- ☐ City Goals
- ☐ Comprehensive Plan
- ☐ Zoning Code
- ☐ Other
- ☐ Not applicable

Background/Supporting Information Attached

Recommendation #1:

As part of the Equipment Services Workout Plan adopted by the City Council, it was previously determined to issue \$6,100,000 of Equipment Fleet bonds in 2002 to provide the cash necessary for equipment purchases. The Public Works Equipment Division will be purchasing a variety of equipment items to support various City functions. The appropriation authority for these equipment purchases is already included in the Equipment Division's 2002 Council adopted operating budget.

The attached resolution #1 is necessary for the City Council to request the Board of Estimate & Taxation to issue the bonds called for in the Equipment Services Workout Plan for 2002.

Recommendation #2:

In order to be in compliance with IRS Treasury Regulations, it is necessary for the City Council to pass a resolution declaring their official intent pursuant to Treasury Regulation SS 1.103-17 and 1.103-18 to reimburse expenditures made prior to the issuance of bonds with the proceeds of tax exempt bonds.

The attached resolution #2 formally establishes this declaration of intent to reimburse equipment purchases with proceeds of tax exempt bonds.

RESOLUTION #1 - 2002R-???

By Johnson

Requesting that the Board of Estimate and Taxation incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$6,100,000 for certain purposes other than the purchase of public utilities.

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$6,100,000, the proceeds of which are to be used for the purchase of fleet equipment as directed by the Equipment Services Workout Plan.

RESOLUTION #2 - 2002R-???

By Johnson

Resolved by The City Council of The City of Minneapolis:

That pursuant to Treasury Regulation SS 1.103-17 and 1.103-18, the City of Minneapolis hereby declares it's intent to reimburse up to \$6,100,000 of expenditures in 2002 for equipment fleet purchases by incurring tax exempt debt of the City. The expenditures to be reimbursed include all costs incurred in purchasing fleet equipment to support various City functions. The reasonably expected source of funds to pay debt service on the tax exempt bonds to be issued consists of equipment rental charges for user fees and other intergovernmental transfers as directed by the Equipment Services Workout Plan.